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C O N F I D E N T I A L MANAMA 000873

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E.O. 12958: DECL: 09/12/2017

TAGS: ENRG EPET ETTC IR PGOV PREL BA

SUBJECT: KING HAMAD LOOKS TIRED, BUT OTHERWISE WELL;
FOCUSSES ON ENERGY AND IRAN

REF: A) MANAMA 827 B) MANAMA 666

Classified By: AMBASSADOR ADAM ERELI FOR REASONS 1.4 (b) and (d).

¶1. (C) During his audience with the Ambassador to present credentials, King Hamad looked tired, but bore no visible signs of impairment. The audience took place around five p.m. His voice was raspy and he appeared fatigued, as one would at the end of a long day. He favored his right side, moving his left arm little, but no part of his face or arm were immobilized. In fact, toward the middle of the 20-minute discussion, he became more animated, moving and gesturing decisively to emphasize his points.

¶2. (C) King Hamad spoke at some length about Bahrain's energy needs and his thinking on how to meet them. Bahrain's future, he said, depended on finding new energy resources. Echoing what we have heard separately from the Foreign Minister (Ref A), Iran has offered to provide gas from the Pars field and the two countries have begun talks. Bahrain does not intend to conclude an agreement, the King declared. The aim of the discussions, the King said, is to "wake up" the neighbors (e.g., Qatar and Saudi Arabia), who he believes will come to their senses and agree on terms with Bahrain rather than let the Iranians further expand their presence in the region.

¶3. (C) The King expressed frustration with the Abu Safa agreement with Saudi Arabia, under which Aramco operates the joint field and provides Bahrain with approximately 150,000 b/d for sale on the market. Bahrain is interested in further development of the field, and the potential for gas discoveries in particular, but is frustrated with Aramco's refusal to share any technical data or allow Bahraini entities access to the field.

¶4. (C) Comment: The King's discourse revealed a clear concern for Bahrain's limited energy resources and the implications for future economic development. Aluminum Bahrain (ALBA) relies upon gas to power its smelting of aluminum, a key Bahraini export. ALBA's future expansion, if it is to keep pace with regional competition, will be dependant upon access to adequate gas supplies. Commercial contacts relay anecdotal reports of building projects being hampered by a lack of available electricity. Recent power cuts, while likely attributable to insufficient transmission capacity, contribute to a general climate of uncertainty over future power supplies. The King is keenly interested in attracting American investment for enhanced extraction of Bahrain's sole national field, Awali, for which a tender has been issued and at least one U.S. oil major is likely to submit a bid (Ref B).

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